

IRS News Release

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IRS Releases Final 2008 Form 990 for Tax-Exempt Organizations, Adjusts Filing Threshold to Provide Transition Relief

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WASHINGTON — The Internal Revenue Service issued an updated version of Form 990, the return that charities and other tax-exempt organizations are required to file annually, and provided transition relief so that small exempt organizations will have time to adjust to the new form.

“When we released the redesigned draft form this past June, we said we needed a Form 990 that reflects the way this growing sector operates in the 21st century,” said Steven T. Miller, Commissioner of the IRS’ Tax Exempt and Government Entities division. “The public comments we received in response to our draft form helped us develop a final form consistent with our guiding principles of transparency, compliance and burden minimization.”

The final form released today retains the redesigned draft’s format of a core form and a series of schedules. In response to public comments, the new core form allows an organization to describe its exempt accomplishments and mission up-front and provides more opportunities throughout the form for the organization to explain its activities. Other major changes were made to the form’s summary page, governance section, and various schedules, including those relating to executive compensation, related organizations, foreign activities, hospitals, non-cash contributions and tax exempt bonds. A checklist of schedules was also added.

“We could not have done this without the tremendous input of the tax-exempt sector, the practitioner groups and the states,” said Lois G. Lerner, Director of Exempt Organizations. “The almost 700 public comment letters, the advice and counsel of numerous nonprofit experts and state regulators, and the input from the nonprofit sector’s leaders, were invaluable as we moved from the June discussion draft to the final form we released today.”

The new form will be used for the 2008 tax year (returns filed in 2009). The IRS plans to release the related instructions in early 2008. “We are continuing to work with the nonprofit sector to complete the new form’s instructions,” said Lerner.

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The IRS also announced a graduated transition period for smaller organizations. These organizations will be allowed to file the Form 990-EZ instead of the Form 990. For the 2008 tax year (returns filed in 2009), organizations with gross receipts over \$1.0 million or total assets over \$2.5 million will be required to file the Form 990. For the 2009 tax year (returns filed in 2010), organizations with gross receipts over \$500,000 or total assets over \$1.25 million will be required to file the Form 990. The filing thresholds will be set permanently at \$200,000 gross receipts and \$500,000 total assets beginning with the 2010 tax year. Also, starting with the 2010 tax year, the IRS will increase the filing threshold for organizations required to file Form 990-N (the e-postcard) from \$25,000 to \$50,000.

“This phase-in process will allow organizations to become familiar with the new Form 990,” Lerner said.

The IRS also announced a phase-in of the form’s new hospital and tax exempt bond schedules. Certain identifying information will be required for the 2008 tax year, with completion of the entire schedules required for the 2009 tax year. In response to the nonprofit sector’s safety and security concerns regarding disclosure of certain foreign workers and volunteers, the IRS revised the form to permit reporting of foreign activities by region, rather than by country, until other safeguards may be implemented to protect the privacy interests of such persons.

“We believe the transition relief we are providing is appropriate and meaningful, and will ease the concerns raised by commenters,” said Lerner.

The final Form 990 and background material explaining the changes from the current form and the June draft are available on the Exempt Organizations portion of the IRS Web site, IRS.gov/eo.